



## **Request for City Council Committee Action From the Department of Public Works**

**Date:** April 6, 2012

**To:** Honorable Betsy Hodges, Chair Ways & Means Committee

**Referral:** Honorable Sandra Colvin Roy, Chair Transportation & Public Works Committee

**Subject:** **Contract Amendment with Organic Technologies Inc. (OTI) for Yard Waste Processing**

**Recommendation:**

Authorize the proper city officials to execute an amendment to the contract with Organic Technologies, Incorporated including the agreed upon terms described in report.

**Previous Directives:**

On March 8, 2012 City Council authorized the proper city officials to negotiate and execute an amendment to the contract with Organic Technologies, Incorporated.

**Prepared by:** David Herberholz, Director, Solid Waste and Recycling  
Heidi Hamilton, Deputy Director, Public Works

**Approved by:**

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Steven A. Kotke, P.E., City Engineer, Director of Public Works

**Presenters:** David Herberholz, Director, Solid Waste and Recycling

**Reviews:** Not Applicable

**Financial Impact**

Action is within current department appropriation

**Community Impact**

Neighborhood Notification:

City Goals: Eco Focused

Comprehensive Plan:

Zoning Code:



## **Background/Supporting Information**

On March 8, 2012 the City Council authorized staff to negotiate and execute a contract with Organic Technologies Incorporated to reduce the amount of yard waste being handled by OTI by 50% and secure performance standards for the remainder of the contract.

On April 2, 2012, OTI legal counsel informed the City (Department of Public Works) by electronic and US mail that they could not agree with the terms of the agreement that had been approved by City Council action. After additional negotiations with OTI, staff recommends that the contract amendment includes the following changes from the Council Action of March 8:

- Increase payment for disposal of yard waste by \$2/ton to a rate of \$40/ton. This is still \$10/ton less than we will pay the new yard waste disposal contractor SKB/SET.
- Reduce the required security by \$100k to \$400k to reflect the reduced value of the contract.
- City will pay the disposal costs for plastic bags that are currently on site as well as not charging OTI for the HERC charges already paid by the city (approximate cost of \$65,000).
- All residual, contaminated yard waste (including plastic bags) will be delivered to Great River Energy for disposal no later than April 19, 2012.

Staff believes that the increased compensation is justified based on the additional processing requirements caused by the Emerald Ash Borer quarantine, which went into effect after OTI signed their original contract with the city.